Department of Finance

2007-05187/

News Release

Immediate release

Ottawa, June 27, 2007
2007-054

Canada's New Government Strengthens Regulations to Combat Money Laundering and Terrorist Financing

The Honourable Jim Flaherty, Minister of Finance, announced the publication of final regulations that ensure Canada continues to be a global leader in combatting organized crime and terrorist financing.

"Canada's New Government will be relentless in its efforts to prevent money laundering and terrorist crimes," Minister Flaherty said. "We are taking an international leadership role to combat money laundering and terrorist financing by devoting substantial new funding to bolster our analytic, investigative and prosecution resources."

The new regulations bring Canada's anti-money-laundering and anti-terrorist-financing regime in line with new Financial Action Task Force standards. They also follow recommendations made in the 2004 Auditor General's Report and in a 2004 Treasury Board–mandated evaluation of the regime.

The regulations, which will be published on June 27 in Part II of the *Canada Gazette*, include:

- Enhanced customer due diligence measures, such as new requirements to identify the beneficial owners of corporations and other entities.
- Special due diligence measures including identification and monitoring of correspondent banking relationships and politically exposed persons.
- A requirement to report attempted suspicious transactions.
- Enhanced information sharing among the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC), law enforcement and other domestic and international agencies.
- The establishment of a registration regime for money service businesses.

These regulatory amendments implement new provisions of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act, which were introduced by Bill C-25

and received Royal Assent in December 2006. They reflect the comments received from financial institutions and intermediaries following the pre-publication of the regulatory amendments on March 10, 2007, in Part I of the *Canada Gazette*.

To provide financial institutions and intermediaries with sufficient time to change their systems and train their employees, these regulations will come into effect on two separate dates. Most of the provisions will come into effect on June 23, 2008, while the remainder will be effective on June 30, 2007.

A second phase of proposed regulatory amendments will be pre-published shortly in Part I of the *Canada Gazette* for public comment.

Further information is available on the Department of Finance website.

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